

THE A. W. MELLON
EDUCATIONAL
AND CHARITABLE
TRUST

Founded in 1930 by Andrew W. Mellon

A REPORT OF ITS WORK
FOR THE YEAR 1967

525 WILLIAM PENN PLACE
PITTSBURGH, PENNSYLVANIA 15219

efforts through grants to numerous public and private organizations devoted to planning, renewal, conservation, and cultural affairs.

In 1958, the Trustees decided to cease making appropriations and grants out of principal, to stabilize the principal of the Trust at approximately \$20,000,000, and to make future grants only out of income.

In carrying out its grant-making function, the Trust endeavors to apply certain principles and policies.

First, grants are concentrated in the Pittsburgh area. The Pittsburgh needs continue to grow so continuously and urgently that it has been necessary to confine recent grants more narrowly to the city itself.

Second, as early as 1950, the Trust emphasized that grants would not be made to institutions or programs which have a sound basis for support from the general public or from some segment of the public. Foundation grants account for only 9% of the nation's charitable budget and are necessarily limited. They cannot replace the need for broad support from the living community.

Third, grants are conceived as *enabling*. This is to say, they are intended to enable creative leadership in the community affairs of the Pittsburgh area to demonstrate and develop improved and more effective patterns of operation. Such innovative funds are seldom available from the normal sources upon which public and civic agencies depend.

Fourth, since 1959, the Trust's grant program has placed emphasis on the following four fields:

EDUCATION:

with special reference to the humanities and liberal education, and to the quality of education for the talented in the public schools

- THE ARTS: an interest in the fine arts, drama, music, architecture, poetry, and the cultural aspects of the Pittsburgh community
- CONSERVATION: the preservation of natural areas for the people in perpetuity; the streams and forests, strategic open space that might be lost to the pressure of population on the land
- PLANNING: those acts of civic forethought by which a community takes command of its own future, seizing its opportunities to prevent costly future blight

There follows a complete list of grants paid during 1967, together with relevant financial statements and the investment portfolio as of December 31, 1967.

Since its establishment in 1930, the Trust has appropriated \$163,216,344 for philanthropic purposes.

THE A. W. MELLON EDUCATIONAL AND CHARITABLE TRUST SUMMARY OF GRANTS

January 1 to December 31, 1967

PITTSBURGH PLAYHOUSE SCHOOL OF THE THEATER

Third and fourth payments under a 1966
grant of \$450,000 for the support of a
professional theater program

\$150,000

UNIVERSITY OF PITTSBURGH

Third payment under a 1965 grant of
\$250,000 to increase the library collec-
tions in the areas of the Andrew Mellon
Professorship and Fellowship Program

\$ 50,000

To the Graduate School of Public and
International Affairs:

Fourth payment under a 1964 grant of
\$125,000 to establish a series of West-
ern European Fellowships

\$25,000

Fourth and final payment under a
1964 grant of \$24,000 to the Institute
of Local Government for a four-year
program of extension education for
local officials

6,000

31,000

For refurbishment of the English Class-
room

15,000

UNIVERSITY OF PITTSBURGH (continued)

Eighth and final payment under a 1959 grant of \$400,000 to develop a Department of Preventive Medicine which would integrate preventive and comprehensive care concepts into all phases of the School of Medicine curriculum

\$ 15,000

Fourth payment under a 1964 grant of \$262,000 for the continuation of the research activities of Dr. R. A. McConnell in the field of psychological physics

10,000

Fifth and final payment under a 1961 grant of \$30,000 to support a cooperative lectureship between the British-American Associates and the University of Pittsburgh

6,000

Third and final payment under a 1965 grant of \$10,000 to subsidize the *American Philosophical Quarterly* for a period of three years to enable it to become self-supporting

2,000

\$129,000

THE PITTSBURGH SYMPHONY SOCIETY

First payment under a 1966 grant of \$500,000 toward an Endowment Fund to be created to match the Ford Foundation grant of \$2,000,000

\$100,000

Second payment under a 1966 grant of \$76,000 for operating expenses

20,000

120,000

MOUNT MERCY COLLEGE

Third and final payment under a 1964 grant of \$293,550 for a three-year development study

106,450

CARNEGIE LIBRARY OF PITTSBURGH

Payments under a 1966 grant of \$325,000 for the administration and operation of a Poetry Center

\$ 65,000

To the International Poetry Center for support of the publication of an Anthology of Modern Russian Poetry

5,000

To the International Poetry Center to establish an Art Poster Fund

5,000

75,000

CARNEGIE INSTITUTE	
For the 1967 Pittsburgh International Exhibition of Painting and Sculpture	\$ 50,000
METROPOLITAN PITTSBURGH EDUCATIONAL TELEVISION STATION WQED	
Final payment under a 1966 grant of \$100,000 toward a capital fund and development project for the construction of a new building and for staff and program development	50,000
WESTERN PENNSYLVANIA CONSERVANCY	
Fifth and final payment under a 1963 grant of \$135,000 toward a five-year extension of the program of administrative development of a regional project of land acquisition, conservation education, and planning	
PITTSBURGH OPERA, INC.	
For operating funds for the 1967-1968 season	25,000
UNIVERSITY OF PENNSYLVANIA	
To the Foreign Policy Research Institute, first payment under a 1967 grant of \$75,000 for research in Atlantic Studies	25,000
CHATHAM COLLEGE	
Second payment under a 1966 grant of \$120,000 for the enrichment of the library by purchase of books and periodicals	\$20,000
For continuation of a program of support of a Pittsburgh Fund for Negro Students in cooperation with the National Scholarship Service and Fund for Negro Students, New York, New York, and with the University of Pittsburgh and Carnegie Institute of Technology	<u>1,000</u> 21,000
ACTION-HOUSING, INC.	
Fifth and final payment under a 1963 grant of \$50,000 for the support of the Neighborhood Urban Extension Program	10,000

THE ATLANTIC COUNCIL OF THE UNITED STATES, INC.		
Second payment under a 1966 grant of \$25,000 for the benefit of the Atlantic Institute		\$ 10,000
NATIONAL SCHOLARSHIP SERVICE AND FUND FOR NEGRO STUDENTS		
For scholarship aid		6,000
AMERICAN INSTITUTE OF PLANNERS PITTSBURGH REGIONAL CHAPTER		
For support of the National Conference of the Institute of Planners, held in Washington, D.C., in October, 1967		5,000
AMERICAN WIND SYMPHONY ORCHESTRA		
For operating expenses of the Orchestra for 1967		5,000
NEGRO EDUCATIONAL EMERGENCY DRIVE		
For scholarship funds		5,000
HE VANGUARD THEATER PROJECT		
For operating funds for the 1967-1968 season		5,000
ARTS AND CRAFTS CENTER OF THE CITY OF PITTSBURGH		
Third and final payment under a 1965 grant of \$24,000 for administrative staff salaries		4,000
CARNEGIE INSTITUTE OF TECHNOLOGY		
For continuation of a program of sup- port of a Pittsburgh Fund for Negro Students in cooperation with the Na- tional Scholarship Service and Fund for Negro Students, New York, New York, and with the University of Pitts- burgh and Chatham College		3,000
NATIONAL GALLERY OF ART		
Second payment under a 1966 grant of \$9,000 for continuation of an art educa- tion program in the Pittsburgh Public Schools		3,000
MISCELLANEOUS		15,000
TOTAL		<u>\$848,450</u>

SUMMARY OF GRANTS

1967

	Unpaid <u>Jan. 1, 1967</u>	<u>Appropriations</u>	<u>Payments</u>	Unpaid <u>Dec. 31, 1967</u>
Education	\$ 845,000	\$113,836	\$359,286	\$ 567,000*
Arts	1,251,000	79,350	446,350	884,000
Planning	1,400,300	30,358	16,814	1,413,844
Conservation	<u>26,000</u>	<u>0</u>	<u>26,000</u>	<u>0</u>
	<u>\$3,522,300</u>	<u>\$223,544</u>	<u>\$848,450</u>	<u>\$2,864,844</u>

** \$599,550 minus \$32,550 rescinded in 1967

CUMULATIVE SUMMARY OF GRANTS

1930-1967

	1930-1966	1967	1930-1967
National Gallery of Art	\$ 79,081,732	\$ 3,000	\$ 79,084,732
University of Pittsburgh:			
Graduate School of Public Health	\$ 16,387,562		\$ 16,387,562
School of Medicine	5,385,000	\$ 15,000	5,400,000
Her Health Center Grants	4,211,250		4,211,250
Andrew Mellon Professorships, etc.	11,050,000	50,000	11,100,000
Her University Grants	2,831,156	64,750	2,895,906
	<u>\$ 39,864,968</u>	<u>\$ 129,750</u>	<u>\$ 39,994,718</u>
Mellon Institute of Industrial Research	\$ 12,896,829	\$ 3,850	\$ 12,900,679
Carnegie Institute of Technology:			
College of Fine Arts Endowment, etc.	\$ 5,137,500		\$ 5,137,500
Other Grants	692,343	\$ 4,500	696,843
	<u>\$ 5,829,843</u>		<u>\$ 5,834,343</u>
Chatham College	\$ 4,189,866	\$ 21,000	\$ 4,210,866
Mellon Square Park	\$ 2,171,865		\$ 2,171,865
Other Grants:			
Education	\$ 3,768,354	\$ 204,036	\$ 3,972,390
Arts	3,199,643	439,500	3,639,143
Planning	2,079,273	16,814	2,096,087
Conservation	819,000	26,000	845,000
Religion	780,950		780,950
Health and Medicine	725,186		725,186
War Relief	835,000		835,000
General Charities	3,260,541		3,260,541
	<u>\$ 15,467,947</u>	<u>\$ 686,350</u>	<u>\$ 16,154,297</u>
Total Payments	\$ 159,503,050	\$ 848,450	\$ 160,351,500
Unpaid Appropriations	\$ 3,522,300		\$ 2,864,844
Total Payments and Unpaid Appropriations	\$ 163,025,350		\$ 163,216,344

FINANCIAL STATEMENTS

THE A. W. MELLON EDUCATIONAL AND CHARITABLE TRUST

Balance Sheet as of December 31, 1967

ASSETS

Cash		\$ 109,233
Purchased interest receivable		1,039
Investments (at fair values at dates of acquisition or at cost):		
United States Government obligations (quoted market value \$2,621,142)	\$2,757,954	
her bonds (quoted market value \$5,427,288)	6,436,458	
ommon stocks (quoted market value \$16,798,778)	9,766,303	
Land and coal properties	<u>86,756</u>	
Total investments		19,047,471
Prepaid expense		14,981
		<u><u>\$19,172,724</u></u>

PRINCIPAL

Appropriated for contributions	\$ 2,864,844
Unappropriated balance	<u>16,307,880</u>
	<u><u>\$19,172,724</u></u>

The quoted market value of securities at December 31, 1967 is \$5,886,493 in excess of the book carrying value.

Office equipment and furnishings with a cost value of \$33,125 became fully depreciated in 1962.

THE A. W. MELLON
EDUCATIONAL AND CHARITABLE TRUST

*Statement of Income and Changes in Principal Account
Year ended December 31, 1967*

Income:

Interest on United States Government obligations	\$108,426
Interest on other bonds	321,164
Dividends	533,096
Income from operations of real estate and coal properties	<u>2,127</u>
	964,813
Less—Investment and real estate expenses	<u>20,996</u>
Total income, less investment and real estate expenses	\$ 943,817

General and administrative expenses:

Salaries	46,467
Provision for employees' pensions	33,008
Legal and accounting fees	3,950
Travel and incidental expenses	4,256
Office rent and building expenses	9,836
Office supplies and expenses	6,892
Other services	<u>1,294</u>
	<u>105,709</u>
Net income for the year	838,114
Contributions made from income	<u>848,450</u>
Excess of contributions from income over net income for the year, charged to principal	(10,336)
Principal balance, January 1, 1967	18,655,812
Gain (net) on disposal of investments	<u>527,248</u>
Principal balance, December 31, 1967	<u>\$19,172,724</u>

THE A. W. MELLON

EDUCATIONAL AND CHARITABLE TRUST

Investments as of December 31, 1967

FIXED INCOME SECURITIES	<u>Face amount</u>	<u>Book value</u>	<u>Quoted market value</u>
United States Government Obligations:			
Treasury Notes:			
5 1/4%, due November 15, 1968	\$ 300,000	\$ 298,969	\$ 298,875
4 3/4%, due February 15, 1972	50,000	49,812	47,906
Treasury Bonds:			
4%, due August 15, 1972	150,000	149,437	139,594
4%, due August 15, 1973	200,000	197,781	183,750
3 7/8%, due November 15, 1974	300,000	295,500	269,250
4 1/4%, due August 15, 1992	300,000	288,938	246,750
Federal National Mortgage Association Participation Certificates:			
4.70%, due December 1, 1977	500,000	500,000	500,000
5 3/8%, due June 23, 1981	500,000	500,000	457,500
Farmers Home Administration Notes, 35-Year issue, 5 3/4%, due July 7, 2001	477,517	477,517	477,517
	<u>\$2,777,517</u>	<u>\$2,757,954</u>	<u>\$2,621,142</u>
Other Bonds:			
Railroad Equipment Trust Certificates:			
Southern Pacific Company, 4 1/4%, January 1, 1971	\$ 100,000	\$ 95,175	\$ 94,475
Railroad:			
Missouri Pacific Railroad Company, 4 1/4%, 1st Mtge., January 1, 2005	\$ 500,000	\$ 367,193	\$ 300,000
Virginian Railway Company, 6% Income Deb., August 1, 2008	400,000	448,500	378,500
	<u>\$ 900,000</u>	<u>\$ 815,693</u>	<u>\$ 678,500</u>

THE A. W. MELLON
EDUCATIONAL AND CHARITABLE TRUST

Investments as of December 31, 1967

FIXED INCOME SECURITIES

	<u>Face amount</u>	<u>Book value</u>	<u>Quoted market value</u>
Other Bonds (Continued):			
Public Utility:			
South Carolina Electric & Gas Co., 5½% 1st & Ref. Mtge., November 1, 1987	\$ 410,000	\$ 410,000	\$ 358,258
Quebec Hydro Electric Commission, 5% Deb., February 15, 1988	203,000	199,448	161,957
British Columbia Electric Co., Ltd., 5½% 1st Mtge., March 1, 1989	500,000	506,391	415,000
General Telephone Co. of California, 5% 1st Mtge., December 1, 1995	300,000	300,929	239,250
American Telephone & Telegraph Co., 4¾% Deb., June 1, 1998	300,000	301,875	235,500
Public Service Electric & Gas Co., 6% Deb., July 1, 1998	88,000	104,760	82,940
Southern Bell Telephone & Telegraph Co., 4¾% Deb., September 1, 2000	300,000	303,600	239,250
	<u>\$2,101,000</u>	<u>\$2,127,003</u>	<u>\$1,732,155</u>
Industrial:			
Canadian Industries, Ltd., 5¾% Deb., December 1, 1977	\$ 200,000	\$ 216,088	\$ 179,750
Westinghouse Electric Corporation, 3½% Deb., December 15, 1981	220,000	198,000	161,700
American Brake Shoe Company, 4½% Deb., February 1, 1982	200,000	205,750	156,000
Sinclair Oil Corporation, 4⅜% Conv. Sub. Deb., December 1, 1986	300,000	292,809	321,000

THE A. W. MELLON
EDUCATIONAL AND CHARITABLE TRUST

Investments as of December 31, 1967

FIXED INCOME SECURITIES

	<u>Face amount</u>	<u>Book value</u>	<u>Quoted market value</u>
Other Bonds (<i>Continued</i>):			
Industrial (<i>Continued</i>):			
Phillips Petroleum Company, 4¼% Conv. Sub. Deb., February 15, 1987	\$ 150,000	\$ 153,408	\$ 179,250
Gulf Oil Corporation, 5.35% Deb., June 15, 1991	300,000	300,000	261,000
	<u>\$1,370,000</u>	<u>\$1,366,055</u>	<u>\$1,258,700</u>
Finance:			
General Motors Acceptance Corp., 3½% Deb., June 15, 1975	\$ 200,000	\$ 169,645	\$ 169,645
Montgomery Ward Credit Corp., 5¼% Sub. Deb., February 1, 1981	300,000	301,500	240,000
C.I.T. Financial Corporation, 4½% Deb., May 1, 1989	300,000	297,750	225,000
Chase Manhattan Bank, 4.60% Capital Notes, June 1, 1990	300,000	299,250	234,000
First National City Bank of New York, 4% Conv. Capital Notes, July 1, 1990	300,000	313,500	266,250
Household Finance Corporation, 4⅞% Deb., September 15, 1993	300,000	298,500	228,000
	<u>\$1,700,000</u>	<u>\$1,680,145</u>	<u>\$1,362,895</u>
Miscellaneous:			
Municipality of Metropolitan Toronto, 5¼% Deb., March 2, 1979	\$ 350,000	\$ 352,387	\$ 300,564
	<u>\$6,521,000</u>	<u>\$6,436,458</u>	<u>\$5,427,288</u>

THE A. W. MELLON

EDUCATIONAL AND CHARITABLE TRUST

Investments as of December 31, 1967

COMMON STOCKS

	<u>Shares</u>	<u>Book value</u>	<u>Quoted market value</u>
Electrical Equipment:			
Hewlett-Packard Company	12,000	\$ 453,458	\$ 861,000
Westinghouse Electric Corporation	21,000	348,646	1,470,000
		<u>\$ 802,104</u>	<u>\$ 2,331,000</u>
Public Utility:			
American Natural Gas Company	9,075	\$ 200,603	\$ 328,969
Central and South West Corporation	7,000	244,555	325,500
General Public Utilities Corporation	10,816	316,588	297,440
Ohio Edison Company	16,000	304,967	404,000
Public Service Electric & Gas Company	10,000	312,480	328,750
Virginia Electric & Power Company	6,000	159,293	261,750
		<u>\$ 1,538,486</u>	<u>\$ 1,946,409</u>
Oil:			
Gulf Oil Corporation	25,000	\$ 79,825	\$ 1,909,375
Bank and Finance:			
Bank of the Southwest, N. A.	4,830	\$ 203,202	\$ 160,598
First National Bank of Boston	3,000	188,177	164,250
Mellon National Bank and Trust Company	5,150	298,077	334,750
C. I. T. Financial Corporation	8,000	286,413	262,000
Household Finance Corporation	14,000	244,524	435,750
Southeast Bancorporation, Inc.	4,000	120,002	136,000
Western Bancorporation	10,000	333,389	280,000
		<u>\$ 1,673,784</u>	<u>\$ 1,773,348</u>
Miscellaneous:			
General Foods Corporation	3,000	\$ 255,174	\$ 208,875
Motorola, Inc.	2,200	239,496	257,400
North American Rockwell Corporation	5,880	223,097	235,200
J. C. Penney Company	3,000	196,015	197,250
Time, Incorporated	4,000	413,528	389,500
Weyerhaeuser Company	8,000	318,500	315,000
		<u>\$ 1,645,810</u>	<u>\$ 1,603,225</u>

THE A. W. MELLON

EDUCATIONAL AND CHARITABLE TRUST

Investments as of December 31, 1967

COMMON STOCKS (Continued):			
	<u>Shares</u>	<u>Book value</u>	<u>Quoted market value</u>
Office Equipment:			
International Business Machines Corporation	1,366	\$ 121,887	\$ 856,482
National Cash Register Company	2,100	150,221	279,300
Xerox Corporation	1,400	416,970	424,200
		<u>\$ 689,078</u>	<u>\$ 1,559,982</u>
Metals—Nonferrous:			
Aluminum Company of America	10,000	\$ 130,834	\$ 805,000
International Nickel Company of Canada, Ltd.	5,000	459,457	586,250
		<u>\$ 590,291</u>	<u>\$ 1,391,250</u>
Automobile and Truck:			
Ford Motor Company	8,000	\$ 264,551	\$ 428,000
General Motors Corporation	8,870	113,192	727,340
		<u>\$ 377,743</u>	<u>\$ 1,155,340</u>
Glass:			
Owens-Corning Fiberglas Corporation	4,000	\$ 318,798	\$ 248,000
Pittsburgh Plate Glass Company	10,200	186,501	663,000
		<u>\$ 505,299</u>	<u>\$ 911,000</u>
Drug:			
Sterling Drug, Inc.	7,500	\$ 299,592	\$ 394,687
G. D. Searle & Company	6,000	344,112	340,500
		<u>\$ 643,704</u>	<u>\$ 735,187</u>
Miscellaneous Equipment:			
Ex-Cell-O Corporation	14,000	\$ 275,695	\$ 521,500
Steel:			
United States Steel Corporation	6,000	\$ 315,460	\$ 244,500
Youngstown Sheet and Tube Company	6,000	144,912	187,500
		<u>\$ 460,372</u>	<u>\$ 432,000</u>

THE A. W. MELLON
EDUCATIONAL AND CHARITABLE TRUST

Investments as of December 31, 1967

COMMON STOCKS (Continued):	<u>Shares</u>	<u>Book value</u>	<u>Quoted market value</u>
Insurance:			
General Reinsurance Corporation	1,000	\$ 283,708	\$ 252,000
Hartford Fire Insurance Company	5,100	133,875	116,662
		<u>\$ 417,583</u>	<u>\$ 368,662</u>
Agricultural Equipment:			
Deere and Company	3,000	\$ 66,529	\$ 160,500
		<u>\$ 9,766,303</u>	<u>\$16,798,778</u>

SUMMARY

Fixed Income Securities:		
United States Government Obligations	\$ 2,757,954	\$ 2,621,142
Other Bonds	6,436,458	5,427,288
	<u>\$ 9,194,412</u>	<u>\$ 8,048,430</u>
Common Stocks	9,766,303	16,798,778
	<u>\$18,960,715</u>	<u>\$24,847,208</u>

TO THE TRUSTEES OF
THE A. W. MELLON EDUCATIONAL AND CHARITABLE TRUST

IN OUR OPINION, the accompanying balance sheet and related statement of income and changes in principal account present fairly the financial position of The A. W. Mellon Educational and Charitable Trust at December 31, 1967 and its income and changes in principal account for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, including confirmation of the securities owned at December 31, 1967 by correspondence with the custodian.

We have heretofore examined the accounts of the Trust for the period from its inception, December 30, 1930 to December 31, 1966, and have previously reported upon the financial statements annually during such period.

PRICE WATERHOUSE & CO.

Pittsburgh, Pa.
March 13, 1968